

Message Text

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ACTION NEA-10

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FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC PRIORITY 7884

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E.O. 11652: N/A

TAGS: EAID, EAGR, PK,

SUBJECT: PL-480 WHEAT

REFERENCES: ISLAMABAD 9837.

1. WE HAVE REVIEWED THE PL-480 WHEAT SITUATION WITH THE EMB, AID, AND THE AGRICULTURAL ATTACHE IN THE LIGHT OF YOUR 9/22 LETTER. OUR BEST JUDGMENT IS THAT THE SUPPLY AND DEMAND SITUATION IS AS DESCRIBED IN REF. THE GOVERNMENT EXPECT TO IMPORT A TOTAL OF 650,000 MT OF WHEAT BETWEEN NOW AND THE END OF APRIL 1977, INCLUDING 300,000 TONS TO MEET THE FY/77 UMR, 200,000 TONS OF PL-480 FROM OUR FLOOD RELIEF CONTRIBUTION AND 150,000 TONS FROM OTHER AID SOURCES. THIS CORRESPONDS WITH OUR OWN ESTIMATE OF WHAT THE GOP WILL NEED TO MEET OVERALL INTERNAL DEMAND AS WELL AS ITS OWN DISTRIBUTION PROGRAM.

2. THIS IMPORT PROGRAM WOULD LEAVE NO REQUIREMENT FOR ADDITIONAL PL-480 WHEAT THRU APRIL 1977. SINCE THE NEW WHEAT CROP IS HARVESTED IN MAY AND DOMESTIC SUPPLIES ARE NORMALLY ABUNDANT THROUGH THE SUMMER, WE THEREFORE CONCLUDE THAT THERE IS A GOOD CHANCE THAT PAKISTAN WILL NOT NEED PL-480 WHEAT DURING US FY/1977. THE ESTIMATE PRODUCED BY THE AGATT WHICH LETTER SAID CAUSED SOME CONFUSION WAS AN ESTIMATE FOR TOTAL IMPORTS IN THE CROP YEAR APRIL 1976 TO MARCH 1977, INCLUDING THE 650,000 TONS DE-

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TAILED ABOVE AS WELL AS SOME 250,000 TONS IN OTHER IMPORTS

ARRANGED AND DELIVERED BETWEEN APRIL AND SEPTEMBER 1976.

3. THIS ESTIMATE IS PERFORCE AND TENTATIVE ONE, HOWEVER. THE GOVERNMENT AND WE ARE WORKING FROM PRELIMINARY CROP ESTIMATES, AND THE FINAL CROP ESTIMATES WILL PROBABLY NOT BE AVAILABLE FOR ANOTHER COUPLE OF MONTHS. THIS IS IN LINE WITH THE TIMING FOR FINAL CROP ESTIMATES IN PREVIOUS YEARS. MOREOVER, A GOOD ESTIMATE OF THE LOSSES IN STORED WHEAT FROM THE FLOODS WILL ALSO NOT BE AVAILABLE FOR A WHILE. IT IS CERTAINLY POSSIBLE THAT REVISED ESTIMATES FOR EITHER OF THESE FIGURES COULD CHANGE OUR JUDGMENT AS TO TOTAL AVAILABILITY OF WHEAT OR LIKELY GOP PROCUREMENT. IT IS ALSO POSSIBLE THAT DESTRUCTION OF STORED PRIVATE WHEAT STOCKS COULD INCREASE OFFTAKE FROM GOP STOCKS. THE JOINT SECRETARY FOR FOOD SUGGESTED AS MUCH TO AID YESTERDAY.

4. SIMILARLY, THE PRESENT OUTLOOK FOR THE FY/77 WHEAT CROP IS VERY PROMISING. THE CROP HAS NOT YET BEEN PLANTED, HOWEVER, AND ALTHOUGH MORE RELIABLE IRRIGATION SHOULD MAKE THE WHEAT CROP MORE STABLE, THE WEATHER BETWEEN NOW AND NEXT HARVEST WILL NONETHELESS HAVE A STRONG IMPACT ON THE FINAL OUTCOME.

5. IT IS THESE UNCERTAINTIES WHICH LED US TO RECOMMEND THAT ANY PL-480 ALLOCATION TO PAKISTAN BE REGARDED AS A CONTINGENCY MEASURE AND THAT AS MUCH FLEXIBILITY AS POSSIBLE BE MAINTAINED IN OUR PL-480 PROGRAMMING. WE CONTINUE TO BELIEVE THAT A FIGURE IN THE RANGE OF 150,000 TO 200,000 TONS WOULD BE APPROPRIATE AS A CONTINGENCY ALLOCATION. WE WOULD PROPOSE TO REVIEW THE SITUATION IN JANUARY WHEN BETTER INFORMATION HAS BECOME AVAILABLE, AND TO SEND IN A FIRM RECOMMENDATION AT THAT TIME.

6. IF THE BASIC SUPPLY AND DEMAND SITUATION LOOKS THEN AS PROMISING AS IT DOES TODAY, WE BELIEVE PAKISTAN'S PRESENT DESIRE NOT HAVE A PL-480 TITLE I WHEAT PROGRAM IN FY/77 SHOULD BE RESPECTED AND ENCOURAGED. WE BELIEVE THAT THIS WOULD FIT IN WELL WITH OUR DEVELOPMENT GOALS IN PAKISTAN AND WITH OUR WORLDWIDE POLICY OF ENCOURAGING LDC FOOD LIMITED OFFICIAL USE

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PRODUCTION. WE ALSO BELIEVE THAT IT WOULD BOOST THE IMAGE OF OUR AID PROGRAM IF WE WERE ABLE TO POINT TO A COUNTRY WHICH HAD THROUGH ITS OWN EFFORTS ELIMINATED ITS NEED FOR SOME SMALL PIECE OF OUR AID PROGRAM.

7. ON THE OTHER HAND, IF IN JANUARY IT APPEARS THAT THE FY/77 CROP WILL BE SIGNIFICANTLY SMALLER THAN EXPECTED, OR GOP OFFTAKE HIGHER, OR PROCUREMENT LOWER, IT MIGHT BE

DESIRABLE TO HAVE AN ALLOCATION OF 150-200,000 TONS LATE
IN FY/77, TO ARRIVE AT THE END OF THE TRADITIONAL SUMMER
OVERFLOW PERIOD.
BYROADE

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